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FM AMEMBASSY RANGOON
TO RUEHC/SECSTATE WASHDC 4945
INFO RUCNASE/ASEAN MEMBER COLLECTIVE
RUEHBJ/AMEMBASSY BEIJING 1052
RUEHBY/AMEMBASSY CANBERRA 9824
RUEHKA/AMEMBASSY DHAKA 4281
RUEHLO/AMEMBASSY LONDON 1743
RUEHNE/AMEMBASSY NEW DELHI 3471
RUEHFR/AMEMBASSY PARIS 0466
RUEHUL/AMEMBASSY SEOUL 6921
RUEHKO/AMEMBASSY TOKYO 4537
RUEHCI/AMCONSUL CALCUTTA 0859
RUEHCN/AMCONSUL CHENGDU 0862
RUDKIA/AMCONSUL CHIANG MAI 0560
RHHMUNA/CDR USPACOM HONOLULU HI
RUEHGV/USMISSION GENEVA 2807
RHEHNSC/NSC WASHDC
RUCNDT/USMISSION USUN NEW YORK 0450
RUEKJCS/SECDEF WASHDC
RUEHBS/USEU BRUSSELS
RUEKJCS/JOINT STAFF WASHDC

C O N F I D E N T I A L SECTION 01 OF 04 RANGOON 001136

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STATE FOR EAP/MLS; PACOM FOR FPA

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SUBJECT: WA TURNING TO CHINA RATHER THAN BURMA

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Classified By: CDA Villarosa for Reasons 1.4 (b) and (d)

¶1. (SBU) Summary: The Wa are rapidly being pulled into China's orbit and will resist any new concessions to the Burmese regime that would restrict their current relative autonomy. While they will talk with the Burmese, the Wa have no intention of ever giving up their arms. The ban on opium cultivation seems real probably because the Wa leaders have found more legitimate money-making opportunities courtesy of the booming Chinese economy, as well as less conspicuous trafficking opportunities in methamphetamine production. However, the Wa leaders do little for their own people. They welcome UNODC and other international efforts to assist poor villagers make up for the loss of their cash income from opium cultivation. Unlike areas controlled by the Burmese, UN agencies and INGOs have relatively unhindered access to Wa territory. End Summary

¶2. (SBU) Charge visited Wa Special Region 2 July 26-30. Wa Special Region 2, created as part of a ceasefire agreement with the Burmese military, is in Northeastern Burma next to the border with China. Chinese influence predominates: the Chinese yuan is the currency; television broadcasts originate from China; Chinese script alternates with local languages; many of the schools teach a Chinese curriculum; the Chinese provide teachers and doctors to assist the local populations; Chinese investments have entered to produce goods for China; the gas stations are Chinese. UNODC funds its Wa operations out of a Chinese bank account, completely bypassing the Burmese banking system, and pays all salaries in Chinese yuan. It is also easier for Wa people to travel to and from China, which only requires their signature at a border crossing, than to travel inside Burma because most of the population lacks a Burmese identity card.

13. (SBU) We traveled by road through the rugged mountainous area mostly above the clouds for four days. Wa Special Region 2 appeared relatively more prosperous than most parts of Burma. Casinos attract large numbers of Chinese gamblers, despite Chinese efforts to discourage casino visits. UNODC local employees said the Chinese could get across the border upon paying a US\$25 fee to the Chinese immigration officials.

Many of the villagers possess healthy looking livestock (cattle, pigs and chickens). Vast rubber plantations have been established on previously deforested land, although the more lushly forested northern part of Special Region 2 has some rubber plantations as well. Mango plantations had been established to sell to the Chinese market, and we saw a manganese mine owned by one of the Wa leaders. In addition to halting opium production, reportedly the Wa have halted illegal logging, at least temporarily, although piles of logs could still be seen in various sites. A Chinese speaker in our group spotted numerous signs announcing log-weighing stations throughout our journey. We saw relatively new model SUVs and buses on the roads in comparison with the rickety, belching cars and buses common in the rest of Burma.

14. (C) The Wa have built roads and hydroelectric facilities throughout, with Chinese financing and often Chinese labor. The Wa also operate three TV stations. Wa leaders finance these projects through "contributions." The Deputy for External Affairs said he contributed 50,000 yuan (approximately US\$ 7,000) for recent road improvements around Mong Maw. He added other leaders contributed from 200,000 to 10,000 yuan depending on their positions. Most of the villages appeared to have some electricity, which is not the norm elsewhere in Burma. The Wa authorities, however, provide negligible funding for schools and health clinics, relying primarily on international donors and Chinese or Burmese teachers and medical personnel. No education beyond high school is available in Wa territory; the few high school

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graduates are employed by the Wa as government officials. Most Wa leaders send their children to school in China, Singapore, or Pyin Oo Lwin (Maymyo) in Burma.

Wa Leader Welcomes US

15. (C) We had dinner with Xiao Ming Ling, the Vice Chairman of the Wa Central Committee and public face of the Wa due to the illness of Wa Chairman Bao You Xiang. Xiao, is relatively well educated by Wa standards, having graduated from a Chinese middle school. Most of other Wa leaders can do little more than sign their names. He proved an adept debater engaging in an extended back and forth with Charge that mystified some of our dinner companions. He sought increased U.S. assistance, claiming that withdrawal of U.S. support has been interpreted by the Wa as the U.S. not supporting the halt in opium cultivation. Charge repeatedly stated that we do support the halt, but cannot go to areas where death threats have been made against Americans. Xiao pointed out the high Wa regard for an American working for UNODC and added that Charge did not have to worry about her own safety. Charge responded that she was responsible for ensuring all Americans are safe. Xiao made the only reference to the U.S. indictments of Wa leaders for drug trafficking, noting that since the U.S. indictments, Burmese military leaders have refused to come to Wa territory.

16. (C) Xiao shifted the discussion by pleading for assistance for former opium cultivators, who face problems of food security with their loss of a cash income. Charge noted the evident signs of wealth she had seen, such as vast rubber plantations, and asked what the Wa leaders were doing to help their people. Xiao replied that the rubber trees were still young so have yet to generate much of a cash flow. He did not offer any explanation, despite repeated questions, on what was done with the proceeds from logging, gambling, and Wa business interests elsewhere in Burma. Charge also asked

why wealthy Wa leaders took land from poor villagers, when he claimed that poor villagers do not have enough to eat. Xiao indirectly acknowledged the land issue saying the central committee has been meeting on that problem, although, according to UNODC, these meetings have gone on for years.

No Way We'll Give Up Our Arms

¶7. (C) Xiao had just returned from meeting Vice Senior General Maung Aye. Asked to compare Maung Aye (well-known for his hardline against ethnic minorities) with Senior General Than Shwe, Xiao expressed greater confidence in Than Shwe to honor the ceasefire agreement the Wa reached with now deposed General Khin Nyunt: "The status quo is best with Than Shwe." Charge also asked how the Wa viewed the pro-democracy opposition. Xiao stated his admiration for Aung San Suu Kyi, but questioned her ability to maintain stability. A Burmese Army major introduced as the liaison officer sat at the next table. The Burmese Army has two liaison officers assigned to Wa territory, and approximately 25 soldiers, but they are not allowed to leave the city limits of Phan Kham and one other city without Wa approval. We had greater freedom of movement. According to UNODC, the only INGO workers who experience problems traveling around Wa are the ones who try to speak Burmese; they raise Wa suspicions that they might be spies.

¶8. (SBU) Although the Wa are participating in the National Convention, we did not find any Wa willing to give up their arms. (Note: the regime assumes with the adoption of a new constitution that the ethnic minorities will lay down their arms. End Note.) Anyone with pretensions to leadership had

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a pistol stuffed down his trousers, and many traveled with armed bodyguards. Asked if these people had anything to fear, a UNODC local employee said the weaponry only served to make them look important. A village headman told us that the first two sons of every family had to join the Wa Army at the age of 16 and serve for seven years. We saw numerous young faces in uniform, but the youngest did not usually carry weapons, and acted more as orderlies. Almost everyone we saw from toddlers to ancient men wore some form of military garb, and the markets were full of military clothing. Apparently, the favored military clothing has U.S. emblems attached.

¶9. (C) We spent another evening with the Wa Deputy External Affairs Minister who participated in the ceasefire negotiations with Khin Nyunt. He claimed the agreement provided for the ceasefire, Wa right of self-government, and the right to keep arms. He said the Wa objective in the National Convention is separate statehood from Shan State, so the Wa could deal directly with the central government. He acknowledged that the small population of the Wa might prevent full statehood, but said special region status would be acceptable. He said that the Burmese offer security in return for peace if the Wa give up their arms, but the Wa believe that only the security of their arms will ensure their peace. In addition, he complained that the Burmese sought to reduce the townships under Wa control from 30 to 6, eliminating all those along Thai border. He claimed the Wa Army had 20,000 armed soldiers now, but in the event of renewed fighting, all Wa would join in support.

UNODC working with poor villagers

¶10. (SBU) UNODC works in 250 villages identified as the poorest out of 1200-1300 villages in a Special Region 2. The population totals around 450,000 with sizeable populations of Lahu, Akha, Shan, and others, in addition to Wa. 60 percent of the people practice animism, with the rest divided evenly between Christians and Buddhists. One local UNODC worker ascribed the success of one village to its being Christian, and therefore, better organized. The rate of

childhood mortality throughout the region is very high, primarily due to diarrhea. We met one villager who said 6 of his 11 children died in infancy, which UNODC told us is the norm.

¶11. (SBU) We visited five villages in different parts of the region, some more successful than others. In the poorest village, UNODC had provided an irrigation project to open up more land for rice farming for 33 previously landless families. The villagers, many of whom were former opium addicts, have proven reluctant to help themselves. As a result, UNODC refused to provide further assistance until they agreed to build fences to keep livestock out of paddy fields. A school set up by UNODC halted when the villagers refused to continue paying the teacher's salary. Most of the other villages had experienced more success. One village had begun planting tea for a supplemental cash income, and the village women praised UNODC water pumps for improving the health of the population in general while reducing the women's workload. In most of the villages, the women do most of the farming and also must fetch water from distant streams down the mountain, absent a water pump. However, in this village, the headman engaged in illegal logging which could degrade the recently opened paddy land due to runoff from the denuded slopes.

¶12. (SBU) Most of the village schools we visited had received assistance from UNODC, and more parents were sending their children to school. However, in several villages a sizeable portion of the families still do not send their children to

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school because they cannot afford the school fees, which one villager estimated as the equivalent of US\$ 20 per year, or because the parents were sick and needed the children to help at home or in the fields. The teachers in the schools were Chinese or from other parts of Burma and taught a mixed Burmese and Chinese curriculum, with some instruction in the local dialect. According to UNODC, many of the villagers prefer a Chinese curriculum over Burmese because so many families suffered losses during the decades of fighting between the Wa and the Burmese. Most of the villages also offer adult education programs in the local dialect, which have been supported by UNODC.

¶13. (SBU) The villagers primarily engage in subsistence agriculture and do not appear to have much of a political role, particularly if they are women. One group of villagers told us that their headman is selected by township officials, who then permit some discussion when the new headman is introduced. Can a woman become a headman? The quizzical response: women can only be leaders of cooking and dancing groups. In another village only heads of households participate in discussions, which also serves to exclude most women. However, UNODC designated a young Wa woman as its village facilitator after they discovered she had graduated from high school in Rangoon, and she had been well accepted by the villagers.

Comment

¶14. (C) The Wa, from the leaders to poor villagers, display a dignity that no doubt derives from their readiness to fight. In other ceasefire areas, the fighters tired, turned to making money and permitted the Burmese to enter and take over. Ethnic minorities elsewhere appear completely cowed by the Burmese Army. The Wa, on the other hand, have almost complete autonomy now, and the leaders have taken advantage of the booming Chinese economy to go legit or lower their profile by turning to methamphetamine production. The Wa leaders do little for the villagers, but the Burmese Army would likely abuse them like they abuse other more defenseless villagers throughout the country. So it does not appear in the Wa interest to ever reach an agreement with the Burmese that would reduce in any significant way the autonomy

they have now. In the meantime, China benefits from the current situation since it was the major market for Wa opium and heroin. By promoting the development of money-making crops and providing schoolteachers and doctors to the Wa, China can stabilize its border with relatively friendly people. While we do not need to provide direct assistance, it is in our interest as well to promote the development of the Wa territory and encourage them to hold out from signing on to a sham constitution. Most observers in Burma believe that the only thing preventing the regime from announcing the completion of their new constitution is the unwillingness of the ethnic minorities to agree to emasculation. Since several of the ethnic minorities, like the Wa, can generate incomes--illegal or otherwise--it may be a long wait.

VILLAROSA